

MEMORANDUM

NATIONAL SECURITY COUNCIL

[Handwritten signature]
[Handwritten initials]
INFO
ACTION
8228

~~SECRET~~ (XGDS)

November 29, 1972

MEMORANDUM FOR: DR. KISSINGER

FROM: HAROLD H. SAUNDERS *Hal*

SUBJECT: The Current State of US-Pakistani Relations

Just to keep you abreast of the current state of play in our present relationship with Pakistan, the following are the main issues:

1. Arms Supply. While we have not yet received any major specific post-election requests from the Pakistanis, we can expect almost any time to receive a list of the major items of equipment that they would like to procure from us. Sultan Khan has already reminded us once of his expectation that there will be a response in November to his earlier requests for release of the "blocked" equipment in New York. The President's decisions before election, as I understood them, were that he wanted to do something but that he recognized the need to look at the whole problem in connection with the aid bill (and, presumably, our relationship with India). You know better than I exactly where this stands, and the following is simply to recall the two elements of the problem:

--You will recall that, during the fall, we proposed a "clean-up exercise" if the President wanted to take a helpful step soon. The rationale in explaining this to the Congress would be to clean up hardship cases that resulted from the embargo imposed during the war last year. Under this, we would release the Pakistani items that were held up at the docks in New York. We would also release some items whose suspension imposed particular hardship on American manufacturers. Some of those would go to India, but the argument is that a couple of the American companies involved are literally on the brink of bankruptcy. As a possible supplement to this option, there are two major items of about the same size for India and Pakistan--the \$13 million in armed personnel

XGDS - 3

DECLAS - Impossible to determine date.

BYAUTH - Major General Alexander M. Haig, Jr.

~~SECRET~~ (XGDS)

~~SECRET (XGDS)~~

- 2 -

carriers under the one-time exception of two years ago and completion of a radar network begun in India in the mid-1960s (about \$13 million). State recommended against including these because of the obvious combat role of the APCs. It was decided during the fall not to go ahead with this step before the election and not to go ahead with it as long as the aid bill was still in question. The latter point was relevant because the Administration was trying to delete from the aid bill a prohibition against all military assistance to the sub-continent.

-- Beyond the smaller cases, we will have to deal with the question of normal military supply over the longer term. Ideally, this should be worked out in phase with our evolving relationship with India. President Bhutto is pessimistic about our ability to provide all he wants on this score, but nevertheless we can expect him to ask us what the limits will be. We will owe him a straight answer at some point, although the fact that the aid bill is still pending in Congress complicates our decision-making.

2. Food Assistance. Early in the fall, Bhutto asked us for 400,000 tons of grain over and above the 600,000 tons for which agreement had already been signed. This request came at a time when we were reviewing our tight grain supply and budgetary situation in the wake of the large Soviet purchases. Following detailed review, the Pakistanis were told that we would provide 250,000 tons now and would review the situation next March. To achieve even that level, we had to give Pakistan 50,000 tons earlier programmed for Korea. The problem in Pakistan was not one of food shortages but of rising prices. We felt that this amount would keep the Pakistani pipeline full through early next spring at which time we could see how our supply situation looks then. Given the tightness in our program, we felt that the 250,000 was all we could muster now. This was 50,000 higher than AID and State recommended. We had one CIA report that Bhutto expressed "anger" over this US response in his Cabinet.

3. Recognition of North Vietnam, North Korea and Sihanouk Government. You will recall that, while you were in Florida after the election, you asked Dick Kennedy to call in Ambassador Khan to express our concern over Pakistan's move to recognize North Vietnam, North Korea and the Sihanouk government. The response of the government of Pakistan was

~~SECRET (XGDS)~~

~~SECRET~~ (XGDS)

- 3 -

that recognition of the first two was an accomplished fact but that, while the decision to recognize the Sihanouk government was firm, the timing of that step would be delayed. The points Kennedy made at your request were that these moves came at a particularly sensitive time in our Southeast Asia negotiations and that we hoped our interests would be taken into account.

4. Bangladesh UN Debate. Today the UN General Assembly debate over Bangladesh UN membership is in suspense for twenty-four hours while the Bangladesh observer group in New York seeks instructions from Dacca. It looks as if the debate will come out in a way satisfactory to us and in a way that both the Chinese and Pakistanis seem willing to accept. The current approach is to have a consensus statement by the UNGA President rather than a vote on two resolutions, which would (1) encourage the Security Council to consider favorably Bangladesh admission to the United Nations and (2) call for the fair settlement of outstanding issues and the return of POWs in accordance with the Geneva Convention and last December's Security Council resolution. While this is not perhaps the ideal solution from the Pakistani point of view, they have gone along with it as have the Chinese. In Pakistan, Bhutto has again begun trying to create support for recognition of Bangladesh in his public speeches.

5. South Asian Settlement. Except for Bhutto's recent statements and some discussions between Pakistani and Bangladesh representatives in New York, there seems to be little significantly new on the settlement scene. The one thing that has happened recently is that the Paks have offered to release their POWs (a few hundred), and the Indians have said they will release the Paks captured on the Western front. There has also been an exchange of civilians. This leaves, of course, still some 30,000 Paks captured in the "East" in India's hands. Moreover, final agreement on delineation of the "line of control" in Kashmir is being held up, probably for political reasons on one side or the other. Ambassador Khan will tell you that the Indians are delaying agreement, and Ambassador Jha will tell you the reverse. It is difficult to know from this vantage point where the truth lies, but it would not be surprising if the Indians were delaying withdrawal to put additional pressure on Pakistan to recognize Bangladesh.

~~SECRET~~ (XGDS)

~~SECRET (XGDS)~~

- 4 -

As background, you should be aware of one new note in the tone of President Bhutto's recent comments about the US. In a Washington Post interview with Lewis Simons a couple of weeks ago and then again in a speech at Peshawar in the last few days, President Bhutto has taken the line that "the US owes Pakistan something." In the Post interview, he pointed to the aid that has been provided to Bangladesh since independence and questioned why we had not provided such aid when Bangladesh was part of Pakistan. The answer to that is that AID pressed for five years to provide additional aid to East Pakistan, but the central government in Islamabad allocated the resources differently. But the point is not that fact but rather that Bhutto took an accusatory tone. The other day in Peshawar he also accused us of providing excessive help to India and made the point that "the US owes something to Pakistan" because of Pakistan's help in achieving the breakthrough to China.

~~SECRET (XGDS)~~